

## Message Text

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PAGE 01 TOKYO 01962 101016Z

ACTION EA-09

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 COME-00 DODE-00

DOT-00 EB-08 FMC-02 INR-07 NSAE-00 SAL-01 CG-00

DLOS-06 OES-06 AID-05 FRB-01 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 AGRE-00

PA-02 PRS-01 H-02 L-03 /114 W

-----101023Z 122321 /20

R 100842Z FEB 77

FM AMEMBASSY TOKYO

TO SEFSTATE WASHDC 5384

INFO AMEMBASSY BONN

USMISSION EC BRUSSELS

USDEL MTN GENEVA

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

UNCLAS TOKYO 1962

E.O. 11652: N/A

TAGS: ETRD, JA

SUBJECT: JAPAN DEEMPHASIZES SHIPS, STRESSES PLANT EXPORTS

1. SUMMARY. JAPAN HAS UPPED EXIM FUNDS TO PROMOTE PLANT EXPORTS AND REDUCED SHARE FOR SHIP EXPORTS IN COMING FISCAL YEAR. JFY 1977 BUDGET ALSO CONTAINS BOND INSURANCE PLAN FOR LARGE PLANT EXPORTS AND MODEST OFFICIAL SUPPORT FOR FEASIBILITY STUDIES OF DEVELOPMENT PROJECTS. END SUMMARY.

2. IN CONTINUING LONG-RANGE EFFORT TO ENCOURAGE SHIFT IN JAPANESE EXPORTS AWAY FROM TROUBLESOME SHIPS INTO HIGHER VALUE-ADDED PLANT EXPORTS, JAPAN EXIM BUDGET EARMARKED FOR PLANT EXPORT PROMOTION IN JAPAN FY 1977 (BEGINNING APRIL 1, 1976) WAS RAISED 30.2 PERCENT, WHILE PORTION DEVOTED TO SHIP EXPORTS ROSE ONLY 16.1 PERCENT. TOTALS FOR JFY 1977

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PAGE 02 TOKYO 01962 101016Z

ARE THUS \$2.4 BILLION AND \$845 MILLION RESPECTIVELY.

THE TOTAL EXIM BUDGET FOR JFY 1977 ROSE 15.6 PERCENT TO \$4.4 BILLION.

3. ACCORDING TO RECENT MITI FORECASTS, JAPAN'S PLANT EXPORTS (DEFINED AS HEAVY MACHINERY AND EQUIPMENT VALUED AT \$500,000 OR MORE) IN JFY 1976 ARE NOW EXPECT-

ED TO REACH \$8 BILLION, SOMEWHAT BELOW MITI'S \$10 BIL.  
INITIAL PROJECTION. IN JFY 1977 MITI EXPECTS PLANT  
EXPORTS WILL RISE SHARPLY TO TOTAL \$15 BIL.

4. JFY 1977 BUDGET ALSO CONTAINS TWO OTHER, LESS  
IMPORTANT MEASURES TO PROMOTE PLANT EXPORTS. THE FIRST  
IS A MITI ADMINISTERED INSURANCE PLAN TO GUARANTEE TO  
BANKS AND OTHER FINANCIAL INSTITUTIONS THE RECOVERY OF  
PERFORMANCE BONDS POSTED AT THE INSISTENCE OF FOREIGN  
GOVERNMENTS THAT HAVE PLACED ORDERS FOR PLANTS PURSUANT  
TO AN OFFICIAL ECONOMIC COOPERATION AGREEMENT. MITI  
CLAIMS 12 OTHER WESTERN NATIONS HAVE SIMILAR SYSTEMS.  
THE BOND INSURANCE SYSTEM HAS A \$1.3 BIL. CEILING, COVERS  
FROM 70 PERCENT TO 90 PERCENT OF THE BOND, CARRIES A 0.1  
PERCENT TO 0.3 PERCENT PREMIUM AND WILL COME INTO EFFECT  
ON OCT 1, 1977.

5. MITI HAS ALSO BEEN ALLOTTED \$6 MIL. TO SUPPORT  
FEASIBILITY STUDIES ON OVERSEAS DEVELOPMENT PROJECTS  
LEADING TO THE EXPORT OF JAPANESE PLANTS AND EQUIPMENT.  
SHOESMITH

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## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SHIPS, EXPORTS, GOVERNMENT BUDGET, PLANTS (FLORA)  
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**Copy:** SINGLE  
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**Review Markings:**  
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